STATE OF HAWAII — DEPARTMENT OF TAXATION

FORM **N-306** (REV. 1997)

CREDIT FOR ENERGY CONSERVATION

Or fiscal year beginning _____, 19____, and ending _____, 19____

TAX YEAR **19__**

ATTACH THIS SCHEDULE TO YOUR CORPORATE INCOME TAX RETURN (FORM N-30) OR FRANCHISE TAX RETURN (FORM F-1)

Name	Federal Employer I.D. Number

REQUIREMENTS FOR CLAIMING THIS TAX CREDIT

Each resident taxpayer who files a corporate net income tax return or franchise tax return for taxable years beginning after December 31, 1990, for a taxable year may claim a tax credit against the Hawaii net income tax or franchise tax for solar energy system purchased, erected and placed in use or service after December 31, 1974, but before January 1, 1999. In the case of wind energy systems and heat pumps, the tax credit shall be applicable only with respect to wind energy systems and heat pumps which are installed and placed in service after December 31, 1980, but before January 1, 1999. The tax credit is also applicable for ice storage systems installed and placed in service after December 31, 1990 but before January 1, 1999. Subtract from the purchase price any cash or the fair market value of gifts received.

Members of partnerships or condominium apartment associations are also required to attach to this claim an Information Statement Form N-157A.

COMPUTATION OF TAX CREDIT

1.	Cost of qualified wind energy system installed and placed in service	$ _____	
2.	Multiply line 1 by 20% and enter result here		$ _____
3.	Cost of qualified solar energy system installed and placed in service on new and existing single family residential buildings	$ _____	
4.	Enter 35% of line 3 or $1,750, whichever is less		$ _____
5.	Per unit cost of qualified solar energy system installed and placed in service on new and existing multi-unit residential buildings	$ _____	
6.	Enter 35% of line 5 or $350, whichever is less	$ _____	
7.	Number of buildng units owned by corporation to which the allocated unit cost on line 5 is applicable	_____	
8.	Multiply line 6 by line 7 and enter result here		$ _____
9.	Cost of qualified solar energy system installed and placed in service on new and existing hotel, commercial and industrial facilities	$ _____	
10.	Multiply line 9 by 35% and enter result here		$ _____
11.	Cost of qualified heat pumps installed and placed in service in new and existing single family residential buildings	$ _____	
12.	Enter 20% of line 11 or $400, whichever is less		$ _____
13.	Per unit cost of qualified heat pumps installed and placed in service in new and existing multi-unit residential buildings	$ _____	
14.	Enter 20% of line 13 or $200, whichever is less	$ _____	
15.	Number of buildng units owned by corporation on which the allocated per unit cost on line 13 applies	_____	
16.	Multiply line 14 by line 15 and enter result here		$ _____
17.	Cost of qualified heat pumps that are installed and placed in service in new and existing hotel, commercial and industrial facilities	$ _____	
18.	Multiply line 17 by 20% and enter result here		$ _____
19.	Cost of qualified ice storage systems installed and placed in service	$ _____	
20.	Multiply line 19 by 50% and enter result here		$ _____
21.	Distributive share of tax credit from attached Form(s) N-157-A		$ _____
22.	Carryover of tax credit from prior years		$ _____
23.	Total tax credit claimed. Enter the total of lines 2, 4, 8, 10, 12, 16, 18, 20, 21 and 22 here and on Form N-30, line 12, or Form F-1, page 3, Schedule H, line 1, as applicable		$ _____

Note: Excess tax credit may be used as a carryover in subsequent years until exhausted.

GENERAL INSTRUCTIONS

Each resident taxpayer who files a corporate net income tax return or a franchise tax return under Chapter 241, HRS, for taxable years beginning after December 31, 1990, for a taxable year may claim a tax credit against the Hawaii net income tax or franchise tax for solar energy system purchased, erected and placed in use or service after December 31, 1974, but before January 1, 1999. In the case of wind energy systems and heat pumps, the tax credit shall be applicable only with respect to wind energy systems and heat pumps which are installed and placed in service after December 31, 1980, but before January 1, 1999. The tax credit is also applicable for ice storage systems installed and placed in service after December 31, 1990, but before January 1, 1999. Subtract from the purchase price any cash or the fair market value of gifts received.

The tax credit may be claimed as follows:

Type of Energy Conservation System	Tax Credit Rate
1. Wind Energy Systems that are installed and placed in service in Hawaii after 12/31/89, but before 1/1/99	20% of the actual cost of the system.
2. Solar Energy Systems that are installed and placed in service in Hawaii after 12/31/89, but before 1/1/99, in:	
a. New and existing single family residential buildings	The lesser of 35% of the actual cost of the system or $1,750.
b. New and existing multi-unit buildings used primarily for residential purposes	Per building unit: The lesser of 35% of each unit's actual cost of the system or $350.
c. New and existing hotel, commercial, and industrial facilities	35% of the actual cost of the system.
3. Heat Pumps that are installed and placed in service in Hawaii after 12/31/89, but before 1/1/99 in:	
a. New and existing single family residential buildings	The lesser of 20% of the actual cost of the heat pump or $400.
b. New and existing multi-unit buildings used primarily for residential purposes	Per building unit: The lesser of 20% of each unit's actual cost of the heat pump or $200.
c. New and existing hotel, commercial, and industrial facilities	20% of the actual cost of the heat pump.
4. Ice Storage systems that are installed and placed in service in Hawaii after 12/31/90, but before 1/1/99	50% of the actual cost of the ice storage system.

Tax Credits that exceed your income tax or franchise tax liability are not refunded but may be used as a credit against your income tax or franchise tax liability in subsequent years until exhausted.

For purpose of the tax credit: "Solar or wind energy system" means any new identifiable facility, equipment, apparatus, or the like that converts solar insolation or wind energy to useful thermal or electrical energy for heating, cooling, or reduction the use of the other types of energy dependent upon fossil fuel for their generation.

"Heat pump" means an electric powered compression heating system that extracts energy from warm ambient air or recovers waste heat to assist in the production of hot water.

"Ice storage system" refers to ice banks or other cool energy storage tanks, containers, accessories, and controls that are specifically designed to store ice or chilled fluids for the express purpose of shifting the consumption of energy to off-peak periods.

The Director of Taxation may require the taxpayer to furnish reasonable information to ascertain the validity of the claim for credit made and may adopt rules necessary to effectuate the purposes of claiming this credit pursuant to the chapter 91, Hawaii Revised Statutes. The tax credit shall be claimed against the net income tax or franchise tax liability for the year in which the solar or wind energy system, heat pump, or ice storage system was purchased and placed in use in Hawaii. Tax credits that exceed the taxpayer's income tax or franchise tax liability may be used as credit against the taxpayer's income tax or franchise tax liability in subsequent years until exhausted.

Specific Instructions

Line 1-20 — Fill in the appropriate lines.

Line 5 and 13 — The per unit cost of a solar energy or heat pump system installed and placed in service in a multi-unit residential building is determined by multiplying the actual cost of the solar or heat pump system by a fraction, the numerator being the total square feet of that unit in the multi-unit building, and the denominator being the total square feet of all the units in the multi-unit building.